
State:	District of Columbia	Filing Company:	Reserve National Insurance Company
TOI/Sub-TOI:	H07G Group Health - Specified Disease - Limited Benefit/H07G.001 Critical Illness		
Product Name:	Group Critical Illness Rates		
Project Name/Number:	/		

Filing at a Glance

Company:	Reserve National Insurance Company
Product Name:	Group Critical Illness Rates
State:	District of Columbia
TOI:	H07G Group Health - Specified Disease - Limited Benefit
Sub-TOI:	H07G.001 Critical Illness
Filing Type:	Rate
Date Submitted:	10/21/2013
SERFF Tr Num:	EWLE-129258204
SERFF Status:	Assigned
State Tr Num:	
State Status:	
Co Tr Num:	
Implementation	
Date Requested:	
Author(s):	Vicki Rowe
Reviewer(s):	Darniece Shirley (primary), Alula Selassie, Donghan Xu
Disposition Date:	
Disposition Status:	
Implementation Date:	
State Filing Description:	

State: District of Columbia **Filing Company:** Reserve National Insurance Company
TOI/Sub-TOI: H07G Group Health - Specified Disease - Limited Benefit/H07G.001 Critical Illness
Product Name: Group Critical Illness Rates
Project Name/Number: /

General Information

Project Name: Status of Filing in Domicile:
Project Number: Date Approved in Domicile:
Requested Filing Mode: Domicile Status Comments:
Explanation for Combination/Other: Market Type:
Submission Type: Overall Rate Impact:
Filing Status Changed: 10/24/2013
State Status Changed: Deemer Date:
Created By: Vicki Rowe Submitted By: Vicki Rowe
Corresponding Filing Tracking Number:

Filing Description:

This is a Rate filing for the Group Critical Illness forms filed under SERFF number EWLE-129257503

Company and Contact

Filing Contact Information

Vicki Rowe, Compliance vrowe@lewisellis.com
1209 Cardigan Street 972-664-0163 [Phone]
Garland, TX 75040

Filing Company Information

(This filing was made by a third party - lewisandellisincorporated3)

Reserve National Insurance Company	CoCode: 68462	State of Domicile: Oklahoma
601 East Britton Road	Group Code:	Company Type:
Oklahoma City, OK 73114	Group Name:	State ID Number:
(800) 654-9106 ext. [Phone]	FEIN Number: 73-0661453	

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

SERFF Tracking #:

EWLE-129258204

State Tracking #:

Company Tracking #:

State: District of Columbia

Filing Company:

Reserve National Insurance Company

TOI/Sub-TOI: H07G Group Health - Specified Disease - Limited Benefit/H07G.001 Critical Illness

Product Name: Group Critical Illness Rates

Project Name/Number: /

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Policy Pages Critical Illness, Certificate Critical Illness, Spouse Rider, Child(ren) Rider, Cancer Treatment Benefit Rider, First Diagnosis Benefit Enhancement Rider	KB-ECI-POL-1301-DC, KB-ECI-CER-1301-DC, KB-ECI-SR-1301-DC, KB-ECI-CR-1301-DC, KB-ECI-CT-1301-DC, KB-ECI-BER-1301-DC	New		ActmemRNIC-ECI.pdf, ActmemRNIC-ECIrates.pdf,



T. ALLEN PARK & ASSOCIATES, INC.

2301 LAFAYETTE DRIVE, HEATH, TX 75032

Ph: 214-957-3747 Fax: 469-338-5142 tallenpark@aol.com

RESERVE NATIONAL INSURANCE COMPANY

CRITICAL ILLNESS POLICY FORM KB-ECI-POL-1301

Actuarial Memorandum

The following exhibits are hereby submitted on behalf of Reserve National Insurance Company of Oklahoma City, Oklahoma (NAIC # 0215-68462) and include rates, actuarial assumptions and benefit descriptions. This memorandum has been prepared for the purpose of demonstrating compliance with regulatory authority and may not be appropriate for other purposes.

1. Scope and Purpose: This is a new form. The rates are for new business.

2. Benefit Description: First Occurrence Benefit - Benefit sold in units of \$1,000, with a minimum of \$5,000. The First Occurrence Benefit shown in the Schedule of Benefits will be paid if any of the following Specified Health Events occurs while the policy is in force with respect to an Insured Person:

1. The Insured Person is Diagnosed as being in a Coma, having a Heart Attack, Stroke, End Stage Renal Failure, Paralysis, Loss of Sight, Speech or Hearing, Major Third Degree Burns or Occupational HIV for the first time in the Insured Person's lifetime; or
2. The Insured Person undergoes a Major Organ Transplant for the first time in the Insured Person's lifetime; or
3. If included, the Insured Person is diagnosed as having Cancer for the first time in the Insured Person's lifetime and more than 30 days following the effective date of coverage under the policy for the Insured Person.

Additional Occurrence Benefit - The First Occurrence Benefit shown in the Schedule of Benefits will be paid if any of the Specified Health Events described above in the First Occurrence Benefit provision other than the Specified Health Event for which the First Occurrence Benefit was paid occurs:

1. For the first time in the Insured Person's lifetime and while the policy is in force for the Insured Person; and
2. At least 6 months following the date of the Specified Health Event for which the First Occurrence Benefit was paid under the policy.

Reoccurrence Benefit - The First Occurrence Benefit shown in the Schedule of Benefits will be paid for an Insured Person if:

1. The First Occurrence Benefit has been paid under the policy for the Insured Person; and
2. Such Insured Person later has a Reoccurrence which occurs more than 365 days following the date the First Occurrence Benefit became payable.

There is no lifetime maximum for this benefit.

Partial Benefit - The applicable Partial Benefit shown in the Schedule of Benefits will be paid if any of the following occurs while the policy is in force with respect to the Insured Person:

1. The Insured Person is diagnosed as having Alzheimer's disease, Parkinson's disease, Muscular Dystrophy which result in the loss of 3 or more Activities of Daily Living or a benign brain tumor for the first time in the Insured Person's lifetime; or
2. The Insured Person undergoes Angioplasty, a bone marrow transplant or Coronary Artery Bypass Surgery for the first time in the Insured Person's lifetime; or
3. If included, the Insured Person is diagnosed as having cancer in situ for the first time in the Insured Person's lifetime and more than 30 days following the effective date of coverage under the policy for the Insured Person.

Wellness Benefit - We will pay the actual charges up to the Calendar Year Maximum purchased if an Insured Person undergoes any of the examinations listed in the policy. Service must be under the supervision of, or recommended by, a Physician and received while the policy is in force. A charge must be incurred. This benefit is payable for each Insured Person. All eligible dependent children are counted as one Insured Person. There is coverage in the base policy of \$50. The Insured Person may purchase up to two additional units of \$25.

3. Renewability Clause: This is a group contract optionally renewable to age 75.

4. Applicability: This is a new form. There is no business in force at this time.

5. Morbidity: Cancer rates were based on data from the National Cancer Institute. Other critical diagnoses claim costs were based on data from the 2011 Health-United States published by the CDC and the American Heart Association's 2012 Heart and Stroke Statistical Update.

6. Mortality: 1980 CSO Table

7. Persistency, Expenses & Risk Margin:

All Plans/All Ages	PY 1	PY 2	PY 3	PY 4	PY 5+
Lapse Rates* (incl. mortality) Ages 18-29	40%	35%	30%	25%	15%
Ages 30-39	35%	30%	25%	20%	10%
Ages 40-49	30%	25%	20%	15%	10%
Ages 50-59	25%	20%	17%	15%	10%
Ages 60-69	25%	20%	15%	15%	15%
Commissions**	72.5%	12.5%	12.5%	12.5%	12.5%
General Expenses: Percent of Premium	30.0%	9.0%	9.0%	9.0%	9.0%
Premium Tax	2.5%	2.5%	2.5%	2.5%	2.5%
Interest Rate	4.0%	4.0%	4.0%	4.0%	4.0%

*Lapses are assumed to be 40% annually by the 3rd policy year after issue age 65.
 **Renewal commissions are based on originally issued premiums.

8. Marketing: This product is marketed to employees of companies through independent agents, generally at the worksite on payroll deduction plans. The policy is portable. The insured may continue the policy in force after employment ends by continuing to pay the premiums as due on a direct-billed basis.

9. Underwriting: The base amount up to \$20,000 is guaranteed issue if participation limits are met. For greater amounts, The Company uses full application underwriting.

Selection Factors: To recognize the effect of such underwriting, claim costs were multiplied by the factors in the following table. An additional factor was applied to all policy year 1 claim costs to account for the Pre-existing Conditions clause. Based on studies by the American Cancer Society published in the 2012 Cancer Facts and Figures, Tobacco User rates are approximately 171% of Non-Tobacco rates.

Policy Year →	Pre-ex	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5+</u>
Ages 18-29	.95	1.00	1.00	1.0	1.0	1.0
Ages 30-34	.90	0.95	0.95	1.0	1.0	1.0
Ages 35-39	.90	0.90	0.95	1.0	1.0	1.0
Ages 40-44	.85	0.85	0.9	1.0	1.0	1.0
Ages 45-49	.85	0.80	0.9	1.0	1.0	1.0
Ages 50-54	.80	0.75	0.8	0.9	1.0	1.0
Ages 55-59	.80	0.70	0.8	0.9	1.0	1.0
Ages 60-64	.75	0.65	0.7	0.8	0.9	1.0
Ages 65-69	.75	0.60	0.7	0.8	0.9	1.0

10. Premium Classes and Distributions: Issue Ages: 18-69 (age last birthday). There are no area factors within the state. The average expected issue age is 42. The average expected distribution by sex is M = 40%; F = 60%. There are no area factors within the state. Certain organizations, most notably labor unions, require insurance carriers to quote a single premium rate for all eligible employees. In these cases, the company will acquire a census of eligible employees and determine a composite rate by using the age-banded rates of the eligible employees plus a margin of up to 5%. Takeover groups may be assessed a surcharge of up to 25% for underwriting concessions.

<u>Issue Age</u>	<u>Sales %</u>	<u>Issue Age</u>	<u>Sales %</u>
<29	17.0%	50-59	23.0
30-39	25.0	60-69	5.0
40-49	30.0		

11. Estimated Annualized Ave. Premium per Policy: \$420.00

12. Premium Mode Rules: See rate tables

13. Claim Liability: Method used to calculate such reserve is claim run-off factors.

14. Active Life Reserves: None, this is a group policy.

15. Trend Assumptions: There are no trend factors.

16. Anticipated Loss Ratios: Premium rates are expected to produce a loss ratio of 50% over the lifetime of the issued forms.

17. Experience: This is a new form. There is no experience history.

18. History of Rate Adjustments: This is a new form. There have been no rate adjustments.

19. Policyholders: This is a new form. There are no policyholders.

20. Rate Increase Effective Date: This is a new form.

21. Compliance with Laws and Regulations (Actuarial Certification): I certify that, to the best of my knowledge and judgment: (1) the assumptions present our best judgment as to the expected value for each assumption and are consistent with the issuer's business plan at the time of this filing; (2) the filing complies with Actuarial Standard of Practice #8; (3) the filing is in compliance with applicable laws and regulations of this state and the rules of the Department of Insurance; and (4) the rates are not excessive, inadequate or unfairly discriminatory.

February 20, 2013

Date

**T. Allen
Park**

Digitally signed by T. Allen Park
DN: cn=T. Allen Park, o=T A Park
and Associates, Inc., ou,
email=tallenpark@aol.com, c=US
Date: 2013.02.20 15:46:01 -06'00'

T. Allen Park, FSA, MAAA
Consulting Actuary

**RESERVE NATIONAL INSURANCE COMPANY
CRITICAL ILLNESS POLICY FORM KB-ECI-POL-1301**

Payroll Monthly Premiums-Non Tobacco

\$1,000 First Occurrence Benefit

Base Plan

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.55	0.55
30-39	0.80	0.80
40-49	1.20	1.20
50-59	2.00	2.00
60-69	3.30	3.30

Cancer Benefit

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.15	0.15
30-39	0.35	0.35
40-49	0.65	0.65
50-59	1.35	2.50
60-69	2.50	3.30

Cancer Medical Treatment Rider

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	1.00	1.00
30-39	2.00	2.00
40-49	4.00	4.00
50-59	7.00	7.00
60-69	12.00	12.00

First Diagnosis Benefit Enhancement Rider for Base Policy Only

Per \$1,000 Unit

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.10	0.10
30-39	0.25	0.25
40-49	0.40	0.40
50-59	0.55	0.55
60-69	0.70	0.70

First Diagnosis Benefit Enhancement Rider for Cancer Benefit

Per \$1,000 Unit		
<u>Issue</u> <u>Age</u>	<u>Employee</u>	<u>Spouse (50%</u> <u>of Employee)</u>
18-29	0.10	0.10
30-39	0.25	0.25
40-49	0.40	0.40
50-59	0.55	0.55
60-69	0.70	0.70

Additional Wellness Benefit – per \$25 Unit

<u>Issue</u> <u>Age</u>	<u>Employee</u>	<u>Spouse</u>
All	1.25	1.25

Children are free at 25% of Individual amount.
Policy is portable at same rates.

Maximum amount of First Diagnosis Benefit Enhancement Rider
equal to Face Amount of Base Policy up to \$10,000

Mode Premium Factors (to near \$0.01)

Annual	12 x Monthly
Weekly	Annual/52
Bi-weekly	2 x Weekly

**RESERVE NATIONAL INSURANCE COMPANY
CRITICAL ILLNESS POLICY FORM KB-ECI-POL-1301**

Payroll Monthly Premiums-Tobacco

\$1,000 First Occurrence Benefit

Base Plan

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.95	0.95
30-39	1.40	1.40
40-49	2.10	2.10
50-59	3.45	3.45
60-69	5.65	5.65

Cancer Benefit

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.30	0.30
30-39	0.60	0.60
40-49	1.15	1.15
50-59	2.35	2.35
60-69	4.30	4.30

Cancer Medical Treatment Rider

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	1.75	1.75
30-39	3.45	3.45
40-49	6.85	6.85
50-59	12.00	12.00
60-69	20.55	20.55

First Diagnosis Benefit Enhancement Rider for Base Policy Only

Per \$1,000 Unit

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.18	0.18
30-39	0.45	0.45
40-49	0.70	0.70
50-59	0.95	0.95
60-69	1.20	1.20

First Diagnosis Benefit Enhancement Rider for Cancer Benefit

<u>Issue</u> <u>Age</u>	Per \$1,000 Unit	
	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.18	0.18
30-39	0.45	0.45
40-49	0.70	0.70
50-59	0.95	0.95
60-69	1.20	1.20

Additional Wellness Benefit – per \$25 Unit

<u>Issue</u> <u>Age</u>	<u>Employee</u>	<u>Spouse</u>
All	2.15	2.15

Children are free at 25% of Individual amount.
Policy is portable at same rates.

Maximum amount of First Diagnosis Benefit Enhancement Rider
equal to Face Amount of Base Policy up to \$10,000

<u>Mode Premium Factors (to near \$0.01)</u>	
Annual	12 x Monthly
Weekly	Annual/52
Bi-weekly	2 x Weekly

State:	District of Columbia	Filing Company:	Reserve National Insurance Company
TOI/Sub-TOI:	H07G Group Health - Specified Disease - Limited Benefit/H07G.001 Critical Illness		
Product Name:	Group Critical Illness Rates		
Project Name/Number:	/		

Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	
Attachment(s):	DC Rate subltr.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Certificate of Authority to File
Comments:	
Attachment(s):	LetterofAuthorization-Lewis&Ellis.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	ActmemRNIC-ECI.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	
Attachment(s):	ActmemRNIC-ECI.pdf ActmemRNIC-ECIrates.pdf
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	Not P & C
Attachment(s):	
Item Status:	
Status Date:	

State:	District of Columbia	Filing Company:	Reserve National Insurance Company
TOI/Sub-TOI:	H07G Group Health - Specified Disease - Limited Benefit/H07G.001 Critical Illness		
Product Name:	Group Critical Illness Rates		
Project Name/Number:	/		

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	Not P&C
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	Not PPACA
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	Not PPACA
Attachment(s):	
Item Status:	
Status Date:	

**Dallas**

Glenn A. Tobleman, F.S.A., F.C.A.S.
S. Scott Gibson, F.S.A.
Cabe W. Chadick, F.S.A.
Michael A. Mayberry, F.S.A.
David M. Dillon, F.S.A.
Gregory S. Wilson, F.C.A.S.
Steven D. Bryson, F.S.A.
Bonnie S. Albritton, F.S.A.
Brian D. Rankin, F.S.A.
Wesley R. Campbell, F.S.A.
Jacqueline B. Lee, F.S.A.
Robert E. Gove, A.S.A.
J. Finn Knox-Seith, A.S.A.
Brian C. Stentz, A.S.A.
Jay W. Fuller, A.S.A.
Sujaritha Tansen, A.S.A.
Josh A. Hammerquist, A.S.A.
Xiaoxiao (Lisa) Jiang, A.S.A.
Robert B. Thomas, Jr., F.S.A., C.F.A. (Of Counsel)

Kansas City

Gary L. Rose, F.S.A.
Terry M. Long, F.S.A.
David L. Batchelder, A.S.A.
Leon L. Langlitz, F.S.A.
Gary R. McElwain, FLMI
Anthony G. Proulx, F.S.A.
Thomas L. Handley, F.S.A.
D. Patrick Glenn, A.S.A., A.C.A.S.
Christopher H. Davis, F.S.A.
Karen E. Elsom, F.S.A.
Jill J. Humes, F.S.A.

London / Kansas City

Roger K. Annin, F.S.A.
Timothy A. DeMars, F.S.A.
Scott E. Morrow, F.S.A.

Baltimore

David A. Palmer, C.F.E.

October 21, 2013

District of Columbia Department of Insurance

RE: Reserve National Insurance Company NAIC # 68462
Rate filing for forms:

KB-ECI-POL-1301-DC	Policy Pages Critical Illness
KB-ECI-PHAPP-1301-DC	Policyholder Critical Illness Application
KB-ECI-CER-1301-DC	Certificate Critical Illness
KB-ECI-IPAPP-1301-DC	Insured Person Critical Illness Application
KB-ECI-SR-1301-DC	Spouse Rider
KB-ECI-CR-1301-DC	Child(ren) Rider
KB-ECI-CT-1301-DC	Cancer Treatment Benefit Rider
KB-ECI-BER-1301-DC	First Diagnosis Benefit Enhancement Rider

Dear Sir or Madam:

This submission is being made on behalf of Reserve National Insurance Company. The Actuarial and rates are for Policy forms KB-ECI-POL-1301-DC et al submitted under SERFF No.EWLE-129257503.

Should you have any questions or need additional information, please do not hesitate to contact me at (972) 530-9138.

Sincerely,

Vicki Rowe



December 31, 2012

RE: Filing Authorization
Lewis & Ellis, Inc.

To Whom It May Concern:

I hereby authorize Lewis & Ellis, Inc. and any authorized representative of Lewis & Ellis, Inc. to submit state filings of insurance applications/forms/rates/products on behalf of Reserve National Insurance Company.

This authorization includes the power to provide necessary assurances and certifications related to such applications/forms/rates/products except as prohibited by law.

This authorization is to be effective until revoked in writing by an authorized representative of Reserve National Insurance Company.

Sincerely,

A handwritten signature in black ink that reads "Kyle D. Conrad". The signature is written in a cursive, flowing style.

Kyle D. Conrad
Senior Vice President
and Associate Corporate Counsel

KDC:bdd

[Type text] [Type text] [Type text]



T. ALLEN PARK & ASSOCIATES, INC.

2301 LAFAYETTE DRIVE, HEATH, TX 75032

Ph: 214-957-3747 Fax: 469-338-5142 tallenpark@aol.com

RESERVE NATIONAL INSURANCE COMPANY

CRITICAL ILLNESS POLICY FORM KB-ECI-POL-1301

Actuarial Memorandum

The following exhibits are hereby submitted on behalf of Reserve National Insurance Company of Oklahoma City, Oklahoma (NAIC # 0215-68462) and include rates, actuarial assumptions and benefit descriptions. This memorandum has been prepared for the purpose of demonstrating compliance with regulatory authority and may not be appropriate for other purposes.

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2. The Insured Person undergoes a Major Organ Transplant for the first time in the Insured Person's lifetime; or
3. If included, the Insured Person is diagnosed as having Cancer for the first time in the Insured Person's lifetime and more than 30 days following the effective date of coverage under the policy for the Insured Person.

Additional Occurrence Benefit - The First Occurrence Benefit shown in the Schedule of Benefits will be paid if any of the Specified Health Events described above in the First Occurrence Benefit provision other than the Specified Health Event for which the First Occurrence Benefit was paid occurs:

1. For the first time in the Insured Person's lifetime and while the policy is in force for the Insured Person; and
2. At least 6 months following the date of the Specified Health Event for which the First Occurrence Benefit was paid under the policy.

Reoccurrence Benefit - The First Occurrence Benefit shown in the Schedule of Benefits will be paid for an Insured Person if:

1. The First Occurrence Benefit has been paid under the policy for the Insured Person; and
2. Such Insured Person later has a Reoccurrence which occurs more than 365 days following the date the First Occurrence Benefit became payable.

There is no lifetime maximum for this benefit.

Partial Benefit - The applicable Partial Benefit shown in the Schedule of Benefits will be paid if any of the following occurs while the policy is in force with respect to the Insured Person:

1. The Insured Person is diagnosed as having Alzheimer's disease, Parkinson's disease, Muscular Dystrophy which result in the loss of 3 or more Activities of Daily Living or a benign brain tumor for the first time in the Insured Person's lifetime; or
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Wellness Benefit - We will pay the actual charges up to the Calendar Year Maximum purchased if an Insured Person undergoes any of the examinations listed in the policy. Service must be under the supervision of, or recommended by, a Physician and received while the policy is in force. A charge must be incurred. This benefit is payable for each Insured Person. All eligible dependent children are counted as one Insured Person. There is coverage in the base policy of \$50. The Insured Person may purchase up to two additional units of \$25.

3. Renewability Clause: This is a group contract optionally renewable to age 75.

4. Applicability: This is a new form. There is no business in force at this time.

5. Morbidity: Cancer rates were based on data from the National Cancer Institute. Other critical diagnoses claim costs were based on data from the 2011 Health-United States published by the CDC and the American Heart Association's 2012 Heart and Stroke Statistical Update.

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7. Persistency, Expenses & Risk Margin:

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Ages 30-39	35%	30%	25%	20%	10%
Ages 40-49	30%	25%	20%	15%	10%
Ages 50-59	25%	20%	17%	15%	10%
Ages 60-69	25%	20%	15%	15%	15%
Commissions**	72.5%	12.5%	12.5%	12.5%	12.5%
General Expenses: Percent of Premium	30.0%	9.0%	9.0%	9.0%	9.0%
Premium Tax	2.5%	2.5%	2.5%	2.5%	2.5%
Interest Rate	4.0%	4.0%	4.0%	4.0%	4.0%

*Lapses are assumed to be 40% annually by the 3rd policy year after issue age 65.

**Renewal commissions are based on originally issued premiums.

8. Marketing: This product is marketed to employees of companies through independent agents, generally at the worksite on payroll deduction plans. The policy is portable. The insured may continue the policy in force after employment ends by continuing to pay the premiums as due on a direct-billed basis.

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Policy Year →	Pre-ex	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5+</u>
Ages 18-29	.95	1.00	1.00	1.0	1.0	1.0
Ages 30-34	.90	0.95	0.95	1.0	1.0	1.0
Ages 35-39	.90	0.90	0.95	1.0	1.0	1.0
Ages 40-44	.85	0.85	0.9	1.0	1.0	1.0
Ages 45-49	.85	0.80	0.9	1.0	1.0	1.0
Ages 50-54	.80	0.75	0.8	0.9	1.0	1.0
Ages 55-59	.80	0.70	0.8	0.9	1.0	1.0
Ages 60-64	.75	0.65	0.7	0.8	0.9	1.0
Ages 65-69	.75	0.60	0.7	0.8	0.9	1.0

10. Premium Classes and Distributions: Issue Ages: 18-69 (age last birthday). There are no area factors within the state. The average expected issue age is 42. The average expected distribution by sex is M = 40%; F = 60%. There are no area factors within the state. Certain organizations, most notably labor unions, require insurance carriers to quote a single premium rate for all eligible employees. In these cases, the company will acquire a census of eligible employees and determine a composite rate by using the age-banded rates of the eligible employees plus a margin of up to 5%. Takeover groups may be assessed a surcharge of up to 25% for underwriting concessions.

<u>Issue Age</u>	<u>Sales %</u>	<u>Issue Age</u>	<u>Sales %</u>
<29	17.0%	50-59	23.0
30-39	25.0	60-69	5.0
40-49	30.0		

11. Estimated Annualized Ave. Premium per Policy: \$420.00

12. Premium Mode Rules: See rate tables

13. Claim Liability: Method used to calculate such reserve is claim run-off factors.

14. Active Life Reserves: None, this is a group policy.

15. Trend Assumptions: There are no trend factors.

16. Anticipated Loss Ratios: Premium rates are expected to produce a loss ratio of 50% over the lifetime of the issued forms.

17. Experience: This is a new form. There is no experience history.

18. History of Rate Adjustments: This is a new form. There have been no rate adjustments.

19. Policyholders: This is a new form. There are no policyholders.

20. Rate Increase Effective Date: This is a new form.

21. Compliance with Laws and Regulations (Actuarial Certification): I certify that, to the best of my knowledge and judgment: (1) the assumptions present our best judgment as to the expected value for each assumption and are consistent with the issuer's business plan at the time of this filing; (2) the filing complies with Actuarial Standard of Practice #8; (3) the filing is in compliance with applicable laws and regulations of this state and the rules of the Department of Insurance; and (4) the rates are not excessive, inadequate or unfairly discriminatory.

February 20, 2013

Date

**T. Allen
Park**

Digitally signed by T. Allen Park
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and Associates, Inc., ou,
email=tallenpark@aol.com, c=US
Date: 2013.02.20 15:46:01 -06'00'

T. Allen Park, FSA, MAAA
Consulting Actuary



T. ALLEN PARK & ASSOCIATES, INC.

2301 LAFAYETTE DRIVE, HEATH, TX 75032

Ph: 214-957-3747 Fax: 469-338-5142 tallenpark@aol.com

RESERVE NATIONAL INSURANCE COMPANY

CRITICAL ILLNESS POLICY FORM KB-ECI-POL-1301

Actuarial Memorandum

The following exhibits are hereby submitted on behalf of Reserve National Insurance Company of Oklahoma City, Oklahoma (NAIC # 0215-68462) and include rates, actuarial assumptions and benefit descriptions. This memorandum has been prepared for the purpose of demonstrating compliance with regulatory authority and may not be appropriate for other purposes.

1. Scope and Purpose: This is a new form. The rates are for new business.

2. Benefit Description: First Occurrence Benefit - Benefit sold in units of \$1,000, with a minimum of \$5,000. The First Occurrence Benefit shown in the Schedule of Benefits will be paid if any of the following Specified Health Events occurs while the policy is in force with respect to an Insured Person:

1. The Insured Person is Diagnosed as being in a Coma, having a Heart Attack, Stroke, End Stage Renal Failure, Paralysis, Loss of Sight, Speech or Hearing, Major Third Degree Burns or Occupational HIV for the first time in the Insured Person's lifetime; or
2. The Insured Person undergoes a Major Organ Transplant for the first time in the Insured Person's lifetime; or
3. If included, the Insured Person is diagnosed as having Cancer for the first time in the Insured Person's lifetime and more than 30 days following the effective date of coverage under the policy for the Insured Person.

Additional Occurrence Benefit - The First Occurrence Benefit shown in the Schedule of Benefits will be paid if any of the Specified Health Events described above in the First Occurrence Benefit provision other than the Specified Health Event for which the First Occurrence Benefit was paid occurs:

1. For the first time in the Insured Person's lifetime and while the policy is in force for the Insured Person; and
2. At least 6 months following the date of the Specified Health Event for which the First Occurrence Benefit was paid under the policy.

Reoccurrence Benefit - The First Occurrence Benefit shown in the Schedule of Benefits will be paid for an Insured Person if:

1. The First Occurrence Benefit has been paid under the policy for the Insured Person; and
2. Such Insured Person later has a Reoccurrence which occurs more than 365 days following the date the First Occurrence Benefit became payable.

There is no lifetime maximum for this benefit.

Partial Benefit - The applicable Partial Benefit shown in the Schedule of Benefits will be paid if any of the following occurs while the policy is in force with respect to the Insured Person:

1. The Insured Person is diagnosed as having Alzheimer's disease, Parkinson's disease, Muscular Dystrophy which result in the loss of 3 or more Activities of Daily Living or a benign brain tumor for the first time in the Insured Person's lifetime; or
2. The Insured Person undergoes Angioplasty, a bone marrow transplant or Coronary Artery Bypass Surgery for the first time in the Insured Person's lifetime; or
3. If included, the Insured Person is diagnosed as having cancer in situ for the first time in the Insured Person's lifetime and more than 30 days following the effective date of coverage under the policy for the Insured Person.

Wellness Benefit - We will pay the actual charges up to the Calendar Year Maximum purchased if an Insured Person undergoes any of the examinations listed in the policy. Service must be under the supervision of, or recommended by, a Physician and received while the policy is in force. A charge must be incurred. This benefit is payable for each Insured Person. All eligible dependent children are counted as one Insured Person. There is coverage in the base policy of \$50. The Insured Person may purchase up to two additional units of \$25.

3. Renewability Clause: This is a group contract optionally renewable to age 75.

4. Applicability: This is a new form. There is no business in force at this time.

5. Morbidity: Cancer rates were based on data from the National Cancer Institute. Other critical diagnoses claim costs were based on data from the 2011 Health-United States published by the CDC and the American Heart Association's 2012 Heart and Stroke Statistical Update.

6. Mortality: 1980 CSO Table

7. Persistency, Expenses & Risk Margin:

All Plans/All Ages	PY 1	PY 2	PY 3	PY 4	PY 5+
Lapse Rates* (incl. mortality) Ages 18-29	40%	35%	30%	25%	15%
Ages 30-39	35%	30%	25%	20%	10%
Ages 40-49	30%	25%	20%	15%	10%
Ages 50-59	25%	20%	17%	15%	10%
Ages 60-69	25%	20%	15%	15%	15%
Commissions**	72.5%	12.5%	12.5%	12.5%	12.5%
General Expenses: Percent of Premium	30.0%	9.0%	9.0%	9.0%	9.0%
Premium Tax	2.5%	2.5%	2.5%	2.5%	2.5%
Interest Rate	4.0%	4.0%	4.0%	4.0%	4.0%

- *Lapses are assumed to be 40% annually by the 3rd policy year after issue age 65.
 **Renewal commissions are based on originally issued premiums.

8. Marketing: This product is marketed to employees of companies through independent agents, generally at the worksite on payroll deduction plans. The policy is portable. The insured may continue the policy in force after employment ends by continuing to pay the premiums as due on a direct-billed basis.

9. Underwriting: The base amount up to \$20,000 is guaranteed issue if participation limits are met. For greater amounts, The Company uses full application underwriting.

Selection Factors: To recognize the effect of such underwriting, claim costs were multiplied by the factors in the following table. An additional factor was applied to all policy year 1 claim costs to account for the Pre-existing Conditions clause. Based on studies by the American Cancer Society published in the 2012 Cancer Facts and Figures, Tobacco User rates are approximately 171% of Non-Tobacco rates.

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February 20, 2013

Date

**T. Allen
Park**

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and Associates, Inc., ou,
email=tallenpark@aol.com, c=US
Date: 2013.02.20 15:46:01 -06'00'

T. Allen Park, FSA, MAAA
Consulting Actuary

**RESERVE NATIONAL INSURANCE COMPANY
CRITICAL ILLNESS POLICY FORM KB-ECI-POL-1301**

Payroll Monthly Premiums-Non Tobacco

\$1,000 First Occurrence Benefit

Base Plan

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.55	0.55
30-39	0.80	0.80
40-49	1.20	1.20
50-59	2.00	2.00
60-69	3.30	3.30

Cancer Benefit

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.15	0.15
30-39	0.35	0.35
40-49	0.65	0.65
50-59	1.35	2.50
60-69	2.50	3.30

Cancer Medical Treatment Rider

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	1.00	1.00
30-39	2.00	2.00
40-49	4.00	4.00
50-59	7.00	7.00
60-69	12.00	12.00

First Diagnosis Benefit Enhancement Rider for Base Policy Only

Per \$1,000 Unit

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.10	0.10
30-39	0.25	0.25
40-49	0.40	0.40
50-59	0.55	0.55
60-69	0.70	0.70

First Diagnosis Benefit Enhancement Rider for Cancer Benefit

Per \$1,000 Unit		
<u>Issue</u> <u>Age</u>	<u>Employee</u>	<u>Spouse (50%</u> <u>of Employee)</u>
18-29	0.10	0.10
30-39	0.25	0.25
40-49	0.40	0.40
50-59	0.55	0.55
60-69	0.70	0.70

Additional Wellness Benefit – per \$25 Unit

<u>Issue</u> <u>Age</u>	<u>Employee</u>	<u>Spouse</u>
All	1.25	1.25

Children are free at 25% of Individual amount.
Policy is portable at same rates.

Maximum amount of First Diagnosis Benefit Enhancement Rider
equal to Face Amount of Base Policy up to \$10,000

Mode Premium Factors (to near \$0.01)

Annual	12 x Monthly
Weekly	Annual/52
Bi-weekly	2 x Weekly

**RESERVE NATIONAL INSURANCE COMPANY
CRITICAL ILLNESS POLICY FORM KB-ECI-POL-1301**

Payroll Monthly Premiums-Tobacco

\$1,000 First Occurrence Benefit

Base Plan

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.95	0.95
30-39	1.40	1.40
40-49	2.10	2.10
50-59	3.45	3.45
60-69	5.65	5.65

Cancer Benefit

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.30	0.30
30-39	0.60	0.60
40-49	1.15	1.15
50-59	2.35	2.35
60-69	4.30	4.30

Cancer Medical Treatment Rider

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	1.75	1.75
30-39	3.45	3.45
40-49	6.85	6.85
50-59	12.00	12.00
60-69	20.55	20.55

First Diagnosis Benefit Enhancement Rider for Base Policy Only

Per \$1,000 Unit

<u>Issue Age</u>	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.18	0.18
30-39	0.45	0.45
40-49	0.70	0.70
50-59	0.95	0.95
60-69	1.20	1.20

First Diagnosis Benefit Enhancement Rider for Cancer Benefit

<u>Issue</u> <u>Age</u>	Per \$1,000 Unit	
	<u>Employee</u>	<u>Spouse (50% of Employee)</u>
18-29	0.18	0.18
30-39	0.45	0.45
40-49	0.70	0.70
50-59	0.95	0.95
60-69	1.20	1.20

Additional Wellness Benefit – per \$25 Unit

<u>Issue</u> <u>Age</u>	<u>Employee</u>	<u>Spouse</u>
All	2.15	2.15

Children are free at 25% of Individual amount.
Policy is portable at same rates.

Maximum amount of First Diagnosis Benefit Enhancement Rider
equal to Face Amount of Base Policy up to \$10,000

<u>Mode Premium Factors (to near \$0.01)</u>	
Annual	12 x Monthly
Weekly	Annual/52
Bi-weekly	2 x Weekly